



Saint Raphael Healthcare System

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**WRITTEN TESTIMONY BY
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**BEFORE THE HUMAN SERVICES COMMITTEE
Tuesday, March 2, 2010**

RE: HB 5328, AN ACT IMPLEMENTING SAGA HOSPITAL RATE INCREASES

Senator Doyle, Representative Walker, and Human Services Committee members, I am pleased to provide written testimony today in support of HB 5328, An Act Implementing SAGA Hospital Rate Increases, which would require the Department of Social Services (DSS) to increase state-administered general assistance (SAGA) rates to the same level as Medicaid rates.

The Hospital of Saint Raphael, like many hospitals throughout the State, serves as a "healthcare safety net" for thousands of patients each year. Each and every day, we reach out and provide high quality care to everyone, regardless of the ability to pay. This commitment, which is dictated by federal law and by our mission, brings serious financial challenges.

At the Hospital of Saint Raphael, we are facing our fifth consecutive year of financial losses, and despite the chronic under-funding by the Medicaid and SAGA programs, we have made substantial progress over the past 18 months in becoming more efficient while not compromising patient safety and quality of care. It is increasingly difficult, however, to continue to offset the underpayments from the State of Connecticut for care provided to Medicaid and SAGA patients. Although we only receive about 75 cents for every dollar of care provided to Medicaid patients, the reimbursement from the SAGA program is even more problematic -- we receive only 33 cents for every \$1 of care we provide to SAGA patients. In fiscal year 2010 we have had a few very long length-of-stay SAGA patients with the cost to care for these cases projected to be \$784,700 and the estimated reimbursement to be \$179,000. The annual \$8 million gap between what SAGA pays and what it costs the Hospital of Saint Raphael to provide the high-quality care to our SAGA patients cannot be sustained.

One result of the SAGA shortfall is the Hospital of Saint Raphael's decision last week to freeze all pension contributions for the balance of 2010. This will result in \$9 million of savings. This was a difficult decision that had to be implemented to sustain our organization and impacts all 4,110 Saint Raphael employees. We know the legislature

and the executive branches are also facing tough budget decisions, but it is extremely important that the SAGA increase that passed in the September 2009 state budget be implemented immediately.

Another result of the chronic annual SAGA shortfall at the Hospital of Saint Raphael is the ongoing delay of investment in our aging facility. As with our own homes, the longer we put off important upgrades, the more serious the consequences and higher the expense. We are constantly forced to make choices. Do we continue to postpone capital and technological investments and continue our outreach programs that reach hundreds of our SAGA, Medicaid, and uninsured patients or do we curtail or abbreviate our outreach programs so that we can survive? The increased SAGA rates are one answer to Connecticut hospitals' financial challenges.

Unfortunately, the Department of Social Services (DSS) has not yet raised the SAGA rates, has not yet filed the 1115 SAGA waiver, and does not plan to submit the waiver until July 1, 2011 -- a full seven and a half years after first directed to do so by the legislature. Regardless, the biennium budget passed by the legislature in September 2009 provided the funding needed to raise hospital SAGA rates up to Medicaid rates effective January 1, 2010. The funds necessary to raise hospital SAGA rates to Medicaid rates have been appropriated and should be matched by the federal government with or without a waiver.

Today, SAGA non-hospital providers are paid 100 percent of the Medicaid rate while hospitals are paid about 43 percent of the Medicaid rate. Today, when SAGA patients arrive at the Hospital of Saint Raphael emergency department or seek care in our family health center or are admitted for more serious illnesses, our Hospital will be paid about 33 percent of our cost. We will care for the SAGA patients the same way we care for individuals with insurance -- with dignity, care, compassion and advanced medical technology.

While the Medicaid program only pays us 75 percent of our cost, it is far better than the 33 percent of our cost that we currently receive from the SAGA program. We cannot wait any longer -- we urge the Human Services Committee to pass HB 5328.

Thank you for your consideration of our position.